

House Finance, Ways and Means Committee Amendment #1

AMENDMENT NO. _____

Signature of Sponsor

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

AMEND Senate Bill No. 2460*

House Bill No. 2907

by deleting all the language following the caption and substituting instead the following:

WHEREAS, the Tennessee General Assembly finds that the development and expansion of business, commerce, and industry are essential to the economic growth of this state and to the full employment, welfare and prosperity of its citizens; and

WHEREAS, studies have shown that the availability of an educated, skilled workforce is a critical factor in an employer's decision to relocate or expand its operations; and

WHEREAS, the economy of Tennessee is today being challenged by competition from other states and other countries, and our success in meeting that challenge will depend largely on our ability to maintain and improve a skilled and productive workforce; and

WHEREAS, employers, workers' organized labor, and government need to work together to ensure that the labor force of this state is prepared to succeed in the economic environment of the next century; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 50-7-403(b)(1)(A), is amended by deleting the last sentence and by substituting instead the following:

The employer premium rate shall be determined by matching the reserve ratio to the appropriate premium rate tables 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 in subsection (g).

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SECTION 2. Tennessee Code Annotated, Section 50-7-403(b)(1)(B), is amended in the fourth sentence of the second paragraph by deleting the language “premium tables 1, 2, 3, 4, 5, 6, 7, 8 and 9”, and substituting instead the language “premium tables 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10”.

SECTION 3. Tennessee Code Annotated, Section 50-7-403(g), is amended by deleting the first sentence in its entirety and by substituting instead the following:

Variations from the standard rate of premiums for employers other than those referred to in Section 50-7-207(b)(3)(A) and (B) shall be determined, beginning January 1, 1999, by the reserve ratio of each employer in accordance with premium tables 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 as set forth below, depending upon the provisions of subsection (k).

Tennessee Code Annotated, Section 50-7-403(g), is further amended by deleting the chart which reads as follows:

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Reserve Ratio Percent	RATE								
	Premium Table 1 Trust Fund under \$300 million	Premium Table 2 Trust Fund \$300 to \$350 million	Premium Table 3 Trust Fund \$350 to \$400 million	Premium Table 4 Trust Fund \$400 to \$450 million	Premium Table 5 Trust Fund \$450 to \$500 million	Premium Table 6 Trust Fund \$500 to \$550 million	Premium Table 7 Trust Fund \$550 to \$600 million	Premium Table 8 Trust Fund \$600 to \$650 million.	Premium Table 9 Trust Fund \$650 million and over
20.0 and over	0.50%	0.45%	0.40%	0.30%	0.20%	0.15%	0.10%	0.05%	0.00%
18.0 and less than 20.0	0.70%	0.65%	0.55%	0.35%	0.25%	0.20%	0.15%	0.10%	0.05%
16.0 and less than 18.0	0.90%	0.70%	0.65%	0.40%	0.30%	0.25%	0.20%	0.15%	0.10%
14.0 and less than 16.0	1.10%	0.75%	0.70%	0.40%	0.37%	0.32%	0.27%	0.22%	0.17%
12.0 and less than 14.0	1.30%	1.20%	1.00%	0.50%	0.45%	0.40%	0.35%	0.30%	0.25%
11.0 and less than 12.0	1.60%	1.40%	1.20%	0.75%	0.68%	0.60%	0.55%	0.50%	0.45%
9.5 and less than 11.0	2.10%	1.80%	1.50%	1.00%	0.90%	0.80%	0.75%	0.70%	0.65%
8.0 and less than 9.5	2.50%	2.10%	1.80%	1.20%	1.10%	1.00%	0.95%	0.90%	0.85%
7.0 and less than 8.0	2.90%	2.50%	2.10%	1.50%	1.40%	1.30%	1.25%	1.20%	1.15%
6.0 and less than 7.0	3.30%	2.80%	2.40%	1.80%	1.70%	1.60%	1.55%	1.50%	1.45%
5.0 and less than 6.0	3.80%	3.20%	2.70%	2.10%	2.00%	1.90%	1.85%	1.80%	1.75%
2.7 and less than 5.0	4.10%	3.50%	3.00%	2.40%	2.30%	2.20%	2.15%	2.10%	2.05%
0.0 and less than 2.7	4.50%	3.90%	3.30%	3.00%	2.70%	2.60%	2.55%	2.50%	2.45%
Less than 0.0 and more than -2.0	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
-2.0 and more than -4.0	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
-4.0 and more than -6.0	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
-6.0 and more than -8.0	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
-8.0 and more than -10	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
-10.0 and more than - 12.0	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
-12.0 and more than - 14	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
-14.0 and more than - 16.0	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
-16.0 and more than - 18.0	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%

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-18.0 and more than – 20.0	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
-20.0 and under	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

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and substituting instead the following new chart:

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SECTION 4. Tennessee Code Annotated, Title 50, Chapter 7, Part 4, is amended by
adding the following new section:

Section ____.

(a)(1) The Tennessee job skills program is created in the
department of economic and community development as a workforce
development incentive program to enhance employment opportunities
and to meet the needs of existing and new industries in this state.

(2) The program shall give priority to the creation and retention of
high wage jobs and focus on employers in industries that promote high-
skill, high-wage jobs in high-technology areas, emerging occupations or
skilled manufacturing jobs.

(3) At least seventy percent (70%) of the Tennessee job skills
funds, as provided in subsection (c), which are spent on Tennessee job
skills grants shall be used for assisting existing employers.

(b) (1) Effective for the quarter beginning January 1, 1999, each
employer, who has an unemployment insurance premium rate determined
by matching such employer's own reserve ratio to the appropriate
premium rate in premium tables 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 as set forth
in Section 50-7-403(g) and who has a reserve ratio of at least zero
percent (0.0%) but less than twelve percent (12%), shall be assessed a
Tennessee job skills fee. The Tennessee job skills fee shall be 0.15% of

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the employer's wages, as defined in Section 50-7-213, and shall apply only when premium table 10, as defined in Section 50-7-403(g), is in effect; however, in the event that Section 50-7-213 is amended to increase the amount of wages on which employers pay their unemployment insurance premiums to an amount greater than seven thousand dollars (\$7,000) paid to each employee during the calendar year, the Tennessee jobs skills fee of 0.15% will be reduced proportionately so that the amount of revenue generated by the Tennessee jobs skills fee will be no greater than the revenue which would be generated if employers subject to the Tennessee job skills fee were paying at a rate of 0.15% on the first seven thousand dollars (\$7,000) paid to each employee during a calendar year. The Tennessee job skills fee shall be transferred into the Tennessee job skills fund created by this section. The Tennessee job skills fee shall be due at the same time, collected in the same manner, and subject to the same interest as an unemployment insurance premium assessed under Section 50-7-403, and all the power and authority granted to the commissioner of employment security under Section 50-7-404 for the collection of the unemployment insurance premiums and interest shall be applicable to the collection of Tennessee job skills fees and interest. The Tennessee job

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skills fee, as provided herein, shall sunset on December 31, 2002, unless reauthorized by the general assembly.

(2) Expenses for the administration of the Tennessee job skills program incurred by the department of employment security shall be paid from the Tennessee job skills fees collected under this section, it being the intent of the general assembly that no federal grant funds of the department of employment security shall be used to audit the Tennessee job skills fund or to administer the provisions of this section.

(c)(1) The Tennessee job skills fund is established as a separate account in the general fund.

(2) The Tennessee job skills fund is composed of:

(A) money transferred into the Tennessee job skills fund pursuant to the provisions of this act;

(B) gifts, grants, and other donations received by the department of economic and community development for the Tennessee job skills fund; and

(C) funds appropriated by the general assembly for the Tennessee job skills fund.

(3) Money in the Tennessee job skills fund may be used by the department of economic and community development for program administration, marketing expenses, and program evaluation; however,

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such expenses shall not exceed five percent (5%) of the total amount appropriated for the program in any fiscal year.

(4)(A) Amounts remaining in the Tennessee job skills fund at the end of each fiscal year shall not revert to the general fund.

(B) Moneys in the Tennessee job skills fund shall be invested by the state treasurer pursuant to Tennessee Code Annotated, Title 9, Chapter 4, Part 6, for the sole benefit of the Tennessee job skills fund and interest accruing on investments and deposits of such fund shall be returned to such fund and remain part of the Tennessee job skills fund.

(5) It is the intent of the legislature that, to the extent practicable, money from the Tennessee jobs skills program shall be spent in all areas of the state.

(d)(1) The following employers may apply for a Tennessee job skills grant from the Tennessee job skills fund:

(A) One (1) or more employers to secure training for demand occupations, emerging occupations, or manufacturing occupations.

(B) One (1) or more employers acting in partnership with an employer organization, labor organization, or community-based organization to secure training for demand occupations, emerging occupations, or manufacturing occupations.

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(C) One (1) or more employers acting in partnership with a consortium composed of more than one (1) provider to secure training for demand occupations, emerging occupations, or manufacturing occupations.

(2) All Tennessee job skills grant applications must contain the following:

(A) The number and kinds of jobs available;

(B) The skills and competencies required for the identified jobs;

(C) The starting wages to be paid to trainees on successful completion of the project;

(D) The goals, objectives, and outcome measurements for the project;

(E) The proposed curriculum for the project;

(F) The projected cost per person enrolled, trained, hired and retained in employment; and

(G) Any other information deemed necessary by the department of economic and community development.

(3) Tennessee job skills grants from the Tennessee job skills fund shall be awarded only to employers who certify that:

(A) A job or job opening exists or will exist at the end of the project for which the Tennessee job skills grant is sought.

(B) Job openings will be filled by participants in the project.

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(C) The starting wage for a new job created through the project will be equal to or greater than the prevailing starting wage for that occupation in the local labor market area.

(e) Each employer who receives a Tennessee job skills grant pursuant to the provisions of this section shall file a final report with the department of economic and community development at the conclusion of the Tennessee job skills grant period which contains the following information:

(1) The number of participants in the project who are employed at the conclusion of the project.

(2) The number of participants in the project who are not employed at the end of the project.

(3) The starting wage of each participant employed.

(4) Any other information required by the department of economic and community development.

(f) The department of economic and community development shall adopt rules and regulations in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5, to implement the provisions of this section. Prior to the formal submission of such rules and regulations in accordance with the provisions of such law, the department of economic and community development shall submit draft rules and regulations to the joint select committee on business taxes for review and comment. Such committee shall comment on such rules and regulations within sixty (60) days.

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(g) The department of economic and community development shall report annually to the joint select committee on business taxes on the Tennessee jobs skills program. On February 1, 2002, and every year thereafter, the comptroller of the treasury shall report to the joint select committee on business taxes on the utilization of such funds.

(h) As used in this section, unless the context otherwise requires:

(1) "Demand occupation" means an occupation in which, as a result of business development, there are or will be positive job growth to job replacement ratios within the next twelve (12) to twenty-four (24) months, according to the best available sources of state and local labor market information.

(2) "Emerging occupation" means an occupation that arises from forces related to technological changes in the workplace and the work of which cannot be performed by workers from other occupations without customized education or training.

(3) "Existing employer," when used in reference to an employer's eligibility for a Tennessee job skills grant, as described in this section, means an employer that has been liable to pay unemployment insurance premiums under Tennessee Code Annotated, Title 50, Chapter 7, for more than one (1) year.

SECTION 5. This act shall take effect upon becoming law, the public welfare requiring it.

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